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FM USMISSION USUN NEW YORK
TO RUEHC/SECSTATE WASHDC PRIORITY 3085
INFO RUEHXX/GENEVA IO MISSIONS COLLECTIVE PRIORITY

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PLEASE PASS TO TED FARIS, IO MPR

E.O. 12958: N/A

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SUBJECT: ACTION REQUEST: REVISED PROPOSED LETTER FROM KEY
GENEVA GROUP MEMBERS TO THE SECRETARY-GENERAL ON BUDGET

REF: USUN 00905

¶1. On November 5, 2007, an IO team met with their British counterparts to discuss a variety of issues to be dealt with during the 62nd UNGA, including the proposed letter (reftel) from key Geneva Group members to the Secretary-General. The participants agreed to send that letter at the Permanent Representative level and to communicate budget and reform concerns separately -- the budget letter immediately and the reform letter before the first resumed session of the Fifth Committee. USUN found that the November 5 text incorporating edits of the IO and UK counterparts deleted the most meaningful aspects relating to the budget, apparently with the idea of attracting the widest possible support of the Geneva Group. UKUN agreed with USUN concerns, confirming that the objective was to have a substantive letter that could attract the support of the larger donors e.g. Japan, Germany, France, and any others who might wish to sign. USUN and UKUN agreed to recommend to capital that the deleted provisions of the original letter regarding the budget be restored and to approach the larger donors to support the letter.

¶2. Action Request: At the expert level, the UK and U.S. Missions to the UN have agreed on the draft letter below, which essentially reverts the November 5 text to the budget sections in reftel. USUN seeks Department approval of this text (which has also been sent to London for approval).

¶3. The revised draft letter reads as follows:

Dear Secretary-General,
By the end of the year, Member States will have to determine the appropriate level of Regular Budget resources needed to support the activities of the United Nations for the 2008-09 biennium.

The proposal on the table is currently at a level of \$4.2 billion. But preliminary estimates suggest that the budget could reach \$4.8 billion, which would represent an increase of 15 percent above the current budget for 2006/2007, and 25 percent on the initial budget for that biennium.

We recognize the need to ensure that UN programmes on which people around the world depend are adequately resourced. However, we, the undersigned Member States are increasingly concerned about the escalating costs of the Organization.

In light of this, we ask that during these budget discussions, you encourage your staff to provide every assistance to Member States, for example:

- giving clear explanations for proposals for additional resources, including new posts;
- showing flexibility where-ever possible for redeployment across the Organization;
- showing themselves open to better administrative and

financial practices in the Secretariat.

We also request that in the future when you submit proposals that would increase the budget, you at the same time propose measures to offset in whole or in part such increases. Such measures might include proposals to eliminate related, obsolete or redundant mandates, or to consolidate mandates in the same area. Other measures might include proposals to absorb certain costs associated with the proposal within existing resources, as our Governments are often required to do to enhance the efficiency of the concerned entities.

More generally, in view of the inevitable pressures to increase the budget, our governments wish to underscore the importance for the Organization of having an objective assessment of key outputs and activities. We urge you to assert your authority in this area to provide Member States with such objective assessments in order to assist them in determining which outputs and activities are considered obsolete, of marginal, usefulness, or ineffective.

It is important that both the Secretariat and all Member States appreciate that the resources available to support the United Nations are not unlimited, even from the most economically advantaged Member States. There is therefore a collective responsibility to ensure that the decisions taken in respect of the budget are fiscally responsible and sustainable and reflect efforts to accommodate differing priority interest of the Member States. We will engage constructively in the negotiations to achieve this end.

Khalilzad